

**PROPERTY ASSESSMENT APPEAL BOARD**  
**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 14-53-0298

Parcel No. 0903482004

Jones County Abstract,

Appellant,

v.

Jones County Board of Review,

Appellee.

**Introduction**

On June 23, 2015, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al.

Barbara Carlson, Assistant Vice President of Jones County Abstract, represented it.

Assistant County Attorney Chris Lyon represented the Jones County Board of Review.

Jones County Abstract (Jones) is the owner of commercial property located at 408 W Main Street, Anamosa, Iowa. According to the property record card, the subject property is a 0.22-acre site improved by a wood-frame office building. It was built as a service station in 1953, it was extensively remodeled for office use in 1986, and an addition was constructed in 2007. The building has 2388 square-feet of gross building area and is reported as having average construction quality (Grade 4). The original structure has a basement and is in very good condition with 60% physical depreciation. The addition is listed in normal condition with 11% physical depreciation. The property is also improved by 4500 square feet of concrete paving in poor condition. The land value reflects a 15% adjustment for obsolescence and the building value reflects a 30% economic obsolescence adjustment, in addition to its physical depreciation. Its January 1, 2014, assessment was \$141,230, representing \$53,860 in land value and \$87,370 in improvement value. (Exhibit 4).

Jones protested the assessment to the Board of Review on the grounds that the assessment was not equitable with like properties in the taxing jurisdiction; that the property was assessed for more than authorized by law, and that there was an error in the assessment under Iowa Code section 441.37(1)(a)(1)(a), (b) and (d). The error claim re-asserts Jones' overassessment claim. Jones asserts \$80,000; allocated \$10,000 to land value and \$70,000 to improvement value, is the correct value. The Board of Review denied the protest. Jones then appealed to this Board reasserting its claims.

### **Findings of Fact**

Jones asserts its property is assessed higher than similar properties. It identified other properties with lower assessments shown below. (Exhibits 5-7).

<b>Address</b>	<b>Description</b>	<b>GBA</b>	<b>Grade</b>	<b>Condition</b>	<b>Year Built</b>	<b>Add Year</b>	<b>Phy Dep</b>	<b>Econ Obs</b>	<b>Fun Obs</b>
Subject	retail store small	2388	4+00	VG	1953	2007	50%/11%	30%	
301 W Main	Office General	1344	5+10	NML	1950		60%	50%	
600 W Main	Service Station/Warehouse	1698	4+00	NML	1956	1970/1994	60%/65%/40%	25%	
226 E Main	Warehouse	1680	5+10	NML	1940		60%	30%	30%

We note that the subject property is significantly larger than the comparable properties and it is the only one in very good condition. In 2007, an 888 square-foot addition was constructed on the subject property and a new roof was added. The addition has an 11% physical depreciation factor as compared to the original portion of the subject property (50%) and the compared properties physical depreciation, which range from 40% to 65%. The properties have adjustments for economic obsolescence ranging from 25% to 50%. The economic obsolescence of Jones' property is at the median adjustment of 30%.

Barbara Carlson testified on behalf of Jones. She contends the difference in the assessed value per-square-foot, physical depreciation, and economic obsolescence between her property and the compared properties show inequity.

Address	Assessed Value	AV/sf	Base cost/sf	Grade
Subject	\$141,230	\$59.14	\$71 to \$81	4+00
301 W Main	\$80,340	\$57.78	\$97	5+10
600 W Main	\$96,780	\$57.00	\$45 to \$70	4+00
226 E Main	\$31,100	\$18.51	\$45	5+10

The subject property and the properties at 301 and 600 West Main are assessed at a similar per-square-foot rate (\$57-\$59). The remaining property at 226 East Main has a lower assessed value per-square-foot; however, it is a warehouse, which has a lower base cost to construct and it is located on East Main, which is a different market area of Anamosa. Moreover, the paving at all sites are assessed at \$3 per-square-foot, while the subject property's paving has the lowest condition rating (poor) and the greatest physical depreciation (70%).

Carlson also complains that Jones' property is graded differently than two of the compared properties. (Exhibit 1). Grade is a determination made by the assessor generally at the time of construction based on factors listed in the IOWA REAL PROPERTY APPRAISAL MANUAL, section 3. The factors include building codes, quality, and quantity of construction, fire-rated construction, framing, mechanical items, fenestration, shape, and age. Additionally, Carlson questions the value per-effective-front-foot of Jones' land. We note that the subject property and the property at 301 W Main have land quality ratings of C-5.00 and both are assessed at a unit price of \$600 per-effective-front-foot. The remaining two properties have land quality ratings of C-2.00 and are both assessed at a unit price of \$300 per-effective-front-foot. No evidence was offered to show a lack of uniformity in the grading process or land quality ratings. We find no merit to Carlson's assertion that the subject property's land value should be reduced because its building occupies more of the site.

Lastly, Carlson is concerned about the increases in the property's assessment over time. The record indicates the subject's assessment was \$89,330 from 2010 to 2012 and was raised to \$98,710 in 2013. In 2014, the property's assessment was increased to \$141,230 after a revaluation completed by Vanguard Appraisals. Ultimately, this Board only has authority to consider the property's value as of January

1, 2014. In this regard, Jones has not presented any evidence of the property's value as of January 1, 2014, such as sales of comparable properties or an appraisal.

County Assessor Arnie Andreesen testified for the Board of Review. He explained the difference in the percentage of adjustment made to the land value was related to the land/building ratio. The site at 301 W Main Street is approximately the same size as Jones' but its improvements are smaller and occupy less of the site. Because of this difference in land/building ratio, Andreesen made a larger adjustment for it (25%) than for the subject site (15%).

The Board of Review provided a sales-ratio report showing the assessment of the commercial properties that sold in the county were in line with their assessments. (Exhibit A). However, half of the sales occurred in mid to late 2014, well after the January 1 assessment date. According to Andreesen, this report was completed by Vanguard after the January 1, 2014 assessment date to retroactively support the 2014 assessments. We give this evidence no weight.

### **Conclusions of Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market

value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

*Id.* at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

Jones listed three properties for equity comparison. It provided the address, assessed value, and property information for each. Two of the compared properties were assessed similarly to the subject property. Importantly, none of the compared properties appeared to be recent sales. It is necessary to have recent sales or established market value and assessment data for comparable properties to develop an assessment/sales ratio and to complete the equity analysis contemplated by *Maxwell*. Further, Jones did not show the assessor failed to apply an assessing method uniformly

to similarly situated or comparable properties to prove the assessment was inequitable under the *Eagle Food Centers* test.

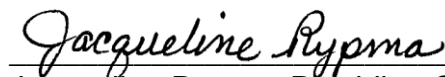
In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Jones did not provide evidence to show the fair market value of the property, such as an appraisal, comprehensive market analysis, or adjusted comparable sales data. Ultimately, Jones' evidence did not show the property was inequitably assessed and did not establish the fair market value of the property as of January 1, 2014, to prove over-assessment.

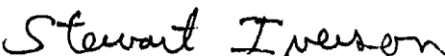
### **Order**


IT IS THEREFORE ORDERED that the Jones County Board of Review's action concerning the January 1, 2014, assessment of Jones County Abstract's property is affirmed.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

Dated this 5th day of August, 2015.

  
Jacqueline Rypma, Presiding Officer

  
Stewart Iverson, Board Chair

  
Karen Oberman, Board Member

Copies to:

Jones County Abstract

Phil Parsons